



## State of Connecticut

### HOUSE OF REPRESENTATIVES STATE CAPITOL

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MEMBER  
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PLANNING AND DEVELOPMENT COMMITTEE

#### Labor and Public Employees Committee February 24, 2015

#### **Testimony in support of H.B. 5612 AN ACT ELIMINATING ASSESSMENTS PAID BY EMPLOYERS TO SATISFY THE INTEREST DUE ON ADVANCES FROM THE FEDERAL UNEMPLOYMENT ACCOUNT.**

Senator Winfield, Representative Tercyak, Senator Hwang, Representative Rutigliano and the entire membership of the Labor and Public Employees Committee, thank you for allowing me to testify before you this evening in support of H.B. 5612 *AN ACT ELIMINATING ASSESSMENTS PAID BY EMPLOYERS TO SATISFY THE INTEREST DUE ON ADVANCES FROM THE FEDERAL UNEMPLOYMENT ACCOUNT*. This bill aims to bring economic relief to employers throughout the state by eliminating special assessments.

Special assessments are payments required from business entities in order for the State of Connecticut to pay off gaining interest from loans borrowed from the Federal Unemployment Account. In addition to interest costs, as a result of having outstanding loans for two consecutive years, Connecticut must make additional payments into the Federal Unemployment Tax Act (FUTA) system. In January 2014 the FUTA tax was increased by 0.9%, causing our businesses to pay higher taxes in addition to paying off the state's interest. Although tax monies collected through the FUTA system go directly to decreasing the state's loan balance, businesses in Connecticut cannot sustain these continual financial strains.

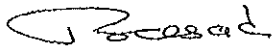
Even though our state's outstanding federal loan balance has been decreasing, it is projected that we will have to continue to borrow from the Federal Unemployment Account over the next few years. Consequently, interest will continue to accrue and businesses will continue to be burdened

with these special assessment fees. There is also the potential for higher increased Federal taxes in the future, as a result of having several more consecutive years of outstanding loans.

This bill would eliminate special assessments, which would provide immediate relief to our businesses. This policy would also make Connecticut a more attractive place for businesses to open shop. Potential business owners would not be as apprehensive of the state's unemployment debt if businesses were no longer responsible to pay off the state's interest. For these reasons, I urge you and your colleagues to support the bill.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Prasad", with a stylized flourish at the end.

Prasad Srinivasan  
State Representative, 31<sup>st</sup> District